GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:125
ANSWERED ON:05.03.2010
INSURANCE POLICIES
Saroj Shri Tufani

Will the Minister of FINANCE be pleased to state:

(a) whether the financial crisis and sale of policies on misleading claims, especially by the private insurance companies has adversely affected the insurance market in India resulting in lapsing of a large number of policies;

(b) if so, the details thereof;

(c) the number of policies lapsed during the financial year 2008-09 alongwith the value thereof, Sector-wise;

(d) whether the number of lapsed policies is maximum in the case of private insurance companies;

(e) if so, the facts thereof;

(f) whether private insurance companies have resorted to large scale unethical practices;

(g) if so, the details thereof; and

(h) the action taken by the Government to improve insurance market in the country?

Answer

The Minister of Finance(Shri Pranab Mukherjee)

(a) to (h): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NUMBER â€ 125 REGARDING "INSURANCE POLICIES" RAISED BY SHRI TUFANI SAROJ, MEMBER OF PARLIAMENT, TO BE ANSWERED ON 5.3.2010.

(a) to (h): The Insurance Regulatory and Development Authority (IRDA) maintains data with respect to only the number of policies lapsed. For the year 2008-09, a total of 1,20,81,100 policies under life insurance lapsed of which 73,92,440 pertain to Life Insurance Corporation of India (public sector life insurance company) and 46,88,660 policies pertain to 21 private sector life insurance companies. During 2008-09, the total premium collected by all life insurance companies was Rs.2, 21,791 crore showing a growth rate of 10.5% over the previous year.

The insurance sector was opened to private participation with the enactment of the Insurance Regulatory and Development Authority Act, 1999. With a view to facilitating development of the insurance sector, the Authority has issued regulations on protection of the interests of policyholders; obligations towards the rural and social sectors; micro insurance and licensing of agents, corporate agents, brokers and third party administrators etc. This is in addition to the regulatory framework provided for registration of insurance companies, maintenance of solvency margin, investments and financial reporting requirements, etc. The insurance market in India is constantly witnessing improvement as the insurers, both in public and private sector, have registered an impressive performance in the growth of premium income. The total life business, as a result has increased from Rs.34,898 crore (Total Premium Income) in 2000-01 to Rs.2,21,791 crore in 2008-09.